

## How the Clothing Business Is Adapting to Supply Chain Shocks with Nearshoring Strategies?



Clothing business is witnessing a fundamental shift towards a sourcing model that is flexible, fast, sustainable, digitally enhanced, and consumer-centric is required. In this environment, apparel retailers and brands are getting squeezed. Not only do they face rising costs on everything from manufacturing inputs and freight to fuel and wages, but they must also deal with a slowing growth environment and falling consumer confidence. Indeed, the percentage of consumers who reported feeling optimistic in our May survey fell to 38 percent, from 44 percent in October 2021.

The [clothing business](#), once reliant on sprawling international logistics, is increasingly recalibrating toward proximity, agility, and resilience. In this article, we'll explore how nearshoring is transforming apparel manufacturing in the United States, why it's gaining momentum, and what it means for business leaders looking to future-proof their supply chains.

### The Breakdown of the Traditional Model

Historically, the clothing business depended on offshore hubs in countries like China, Bangladesh, Vietnam, and India for mass production. This approach made sense for years,

especially when cost-cutting was the primary driver. However, the pandemic brought this model into question. According to the [U.S. Census Bureau](#), the value of U.S. apparel imports dropped by nearly 17% in 2020 due to production halts, shipping delays, and border restrictions.

The long lead times and lack of control over distant operations created a bottleneck. Even in 2022, many clothing retailers faced product shortages, overstock issues, or missed seasonal windows. These challenges pushed the industry to reconsider the benefits of producing closer to home.

### **Nearshoring: A Strategic Response to Supply Chain Volatility**



Nearshoring involves shifting production to countries geographically closer to the end market. For the U.S. garment sector, this means relocating manufacturing to Latin American nations like Mexico, Honduras, and the Dominican Republic or even back to domestic facilities.

This shift enables faster production cycles, reduced shipping times, and increased supply chain visibility. A 2023 survey by McKinsey found that 71% of fashion executives were planning to increase nearshoring efforts in the next 12 months to boost responsiveness and lower risk.

Nearshoring also aligns with the clothing business's growing emphasis on sustainability and ethical manufacturing. Shorter transportation routes lead to lower carbon emissions. Meanwhile, proximity allows brands to better monitor factory conditions and labor standards.

### **U.S. Companies Leading the Nearshoring Shift**

Several American clothing businesses have already taken bold steps toward nearshoring. Brands like American Giant and Los Angeles Apparel have built reputations around "Made in USA"

manufacturing. They've demonstrated that onshore or nearshore production can be both profitable and socially responsible.

[PVH Corp.](#), which owns brands like Calvin Klein and Tommy Hilfiger, has also begun diversifying its supplier base, increasing orders from Western Hemisphere vendors. The company reported a 10% increase in sourcing from Latin America in its 2022 sustainability report.

This trend isn't limited to large corporations. Smaller DTC (direct-to-consumer) clothing startups are increasingly embracing nearshoring to offer rapid turnaround, limited edition drops, and real-time inventory adjustments.

### **The Role of Technology in Enabling Nearshoring**



The clothing business isn't just moving production closer, it's also investing in smart manufacturing technologies. Automation, 3D sampling, AI-based demand forecasting, and digital printing are enabling factories to operate with more precision and efficiency.

U.S.-based factories can now compete with overseas counterparts on flexibility and speed, even if labor costs remain higher. The integration of these technologies shortens lead times, minimizes waste, and allows brands to adopt just-in-time production models.

A [Deloitte](#) study noted that apparel manufacturers leveraging automation in nearshore facilities reported 25–30% increases in operational efficiency. These advancements are proving critical as the apparel trade evolves from mass production toward a more dynamic and localized manufacturing ecosystem.

### **Economic and Policy Tailwinds Supporting Nearshoring**



Nearshoring also benefits from favorable trade policies. The U.S.–Mexico–Canada Agreement (USMCA) provides apparel brands with tariff advantages if they meet specific rules of origin requirements. In addition, the Central America–Dominican Republic Free Trade Agreement (CAFTA-DR) incentivizes U.S. companies to source yarns and fabrics domestically before assembling garments in Central America.

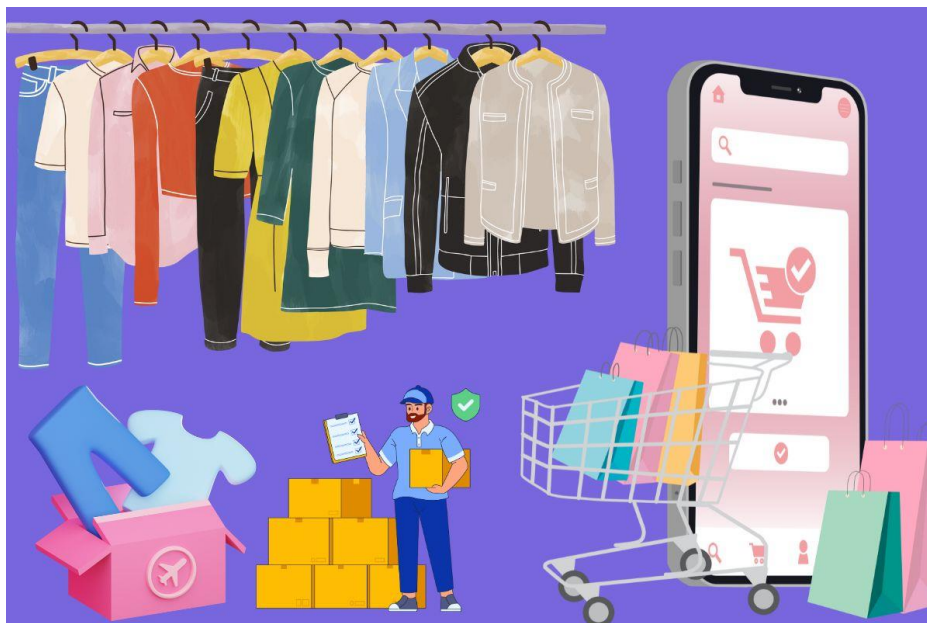
The Biden administration’s emphasis on reshoring and economic resilience has sparked further dialogue about investing in domestic manufacturing. Grant programs and tax incentives are increasingly supporting U.S.-based textile and apparel businesses ready to adopt more sustainable and resilient practices.

### **Challenges to Scaling Nearshoring**

Despite its advantages, nearshoring isn’t without hurdles. Many nearshore and domestic facilities face capacity constraints. Training skilled labor, meeting high-volume demands, and ensuring consistent quality remain concerns.

Additionally, costs are still higher compared to traditional offshore production. However, many business leaders argue that the benefits of responsiveness, agility, and brand reputation justify the investment. As consumer expectations evolve, particularly around speed and transparency, nearshoring may ultimately offer stronger ROI.

### **Future Outlook: A Hybrid Supply Chain Model**



For most U.S. companies in the clothing business, the future will likely involve a hybrid approach, balancing offshore, nearshore, and domestic capabilities. This model allows brands to diversify risk, respond to regional market demands, and scale flexibly.

Retailers are also turning to data analytics and supply chain control towers to improve forecasting and decision-making across their networks. These tools enhance coordination between sourcing, manufacturing, and distribution, whether production is in Asia, Latin America, or the U.S.

With the rise of ESG investing and conscious consumerism, companies with transparent and agile supply chains are gaining competitive advantages. Nearshoring, when integrated thoughtfully, can support not just profitability but also long-term brand equity.

## **Conclusion**

The clothing business is undergoing a paradigm shift. Gone are the days when the lowest cost equaled best strategy. In today's volatile world, supply chain resilience, speed to market, and ethical sourcing are emerging as the new cornerstones of competitive advantage.

Nearshoring offers a compelling path forward. It reconnects manufacturing with market demand, fosters regional collaboration, and allows U.S. clothing brands to deliver faster, smarter, and more responsibly. For C-suite executives, entrepreneurs, and operations managers, the question isn't whether to nearshore, but how to do it effectively. As fashion continues to evolve, the companies that invest now in agile, sustainable, and data-driven supply chain strategies will be the ones shaping the next chapter of the clothing business.

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